



Department of Energy
Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, AZ 85005-6457

August 5, 2005

Dear Parker-Davis Project Electric Service Customers:

A meeting was held on Friday, August 5, 2005 to discuss the proposed Parker-Davis Project (PDP) contract extension prototype Amendment No. 1. There was also a lengthy discussion about the Opt-In Program proposal (refer to section 5 of the Prototype Amendment No. 1). The briefing materials used during today's presentation and the April 13, 2005, letter describing the Opt In Program are enclosed for your reference. This information has also been posted to Western's website located at www.wapa.gov/dsw/pwrmtk/PDProj.

Before Western Area Power Administration (Western) can move forward with the PDP contract extension amendment process, each PDP customer needs to indicate their preference with regard to the Opt In Program. There are two alternatives, as listed below:

1. Continue with a PDP contract where the energy delivery obligation is fixed; or
2. Adopt the Opt In Program which allows for an annual reduction in the contractual energy delivery obligations based on projected hydrology conditions in lieu of making rate-based power purchases.

Please submit comments indicating your preference no later than August 19, 2005 to the following address or via email to gray@wapa.gov:

Western Area Power Administration
Desert Southwest Region
Attn: Jean Gray, Assistant Regional Manager for Power Marketing
615 South 43rd Avenue
Post Office Box 6457
Phoenix, Arizona 85005-6457

Western is available for individual discussions or group meetings as requested to make sure everyone understands the Opt In Program proposal. Please feel free to contact either Jean Gray at extension (602) 605-2555, or Penny Casey at (602) 605-2585 for further discussion.

Sincerely,

A handwritten signature in cursive script that reads "Jean Gray".

Jean Gray
Assistant Regional Manager
For Power Marketing

Enclosures